

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

**TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**1. TRANSMITTAL NUMBER:**  
02-15

**2. STATE**  
Kentucky

**3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)**

**4. PROPOSED EFFECTIVE DATE**  
07/01/02

**5. TYPE OF PLAN MATERIAL (Check One):**

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

**COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)**

**6. FEDERAL STATUTE/REGULATION CITATION:**

42 CFR 447.325 Pen & Ink Change Auth by  
321 email dtd 12-10-02

**7. FEDERAL BUDGET IMPACT:**

a. FFY 02 \$0  
b. FFY 03 \$0

**8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:**

Attachment 4.19-B page 20.15

**9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):**

Attachment 4.19-B pages 20.15, 20.15.1-5

**10. SUBJECT OF AMENDMENT:**

Other Diagnostic, Screening, Preventive and Rehabilitative Service Payments.

**11. GOVERNOR'S REVIEW (Check One):**

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT  
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Review delegated  
to Commissioner, Department for Medicaid  
Services

**12. SIGNATURE OF STATE AGENCY OFFICIAL:**

*Mike Robinson*

**13. TYPED NAME:** Mike Robinson

**14. TITLE:** Commissioner, Department for Medicaid Services

**15. DATE SUBMITTED:** 9/30/02

**16. RETURN TO:**

Frances McGraw  
Eligibility Policy Branch  
Department for Medicaid Services  
275 East Main Street 6W-C  
Frankfort, Kentucky 40621

**FOR REGIONAL OFFICE USE ONLY**

**17. DATE RECEIVED:**

September 30, 2002

**18. DATE APPROVED:**

December 17, 2002

**PLAN APPROVED - ONE COPY ATTACHED**

**19. EFFECTIVE DATE OF APPROVED MATERIAL:**

July 1, 2002

**20. SIGNATURE OF REGIONAL OFFICIAL:**

*Rhonda R. Cottrell*

**21. TYPED NAME:**

Rhonda R. Cottrell

**22. TITLE:** Associate Regional Administrator  
Division of Medicaid and Children's Health

**23. REMARKS:**

## XVI. Other diagnostic, screening, preventive and rehabilitative services.

Other diagnostic, screening, preventive and rehabilitative services provided by licensed community mental health centers and primary care centers shall be reimbursed in accordance with the limitations in 42 CFR 447.321.

## A. Community mental health centers.

1. Participating in-state mental health centers shall be reimbursed as follows:
  - a. The department shall establish final prospective rates for each direct service cost center using audited annual cost reports for the prior year. If an audited costs report is not available, the most recent unaudited cost report shall be used with the rate adjusted as necessary at the time of audit or desk review.
  - b. Cost used in setting the rates shall be trended to the beginning of the rate year and indexed for inflation using the Home Health Agency Market Basket National Forecast.
  - c. Direct service costs shall be arrayed and an upper limit set at 130 percent of the median cost per unit.
  - d. The base rate per unit shall be the allowable cost or the upper limit, whichever is less.
  - e. In addition to the base rate per unit, each center shall receive a cost savings incentive payment equal to fifteen (15) percent of the difference between the facility's allowable cost and the upper limit.
  - f. A funding adjustment equal to \$1.3 million shall be distributed based on the number of outpatient units of service provided. This adjustment is to improve services and to encourage the provision of additional services.
  - g. The reimbursable departmental cost centers are on-site psychiatrist, on-site individual, off-site psychiatrist, off-site individual, group, personal care, therapeutic rehabilitation, inpatient hospital psychiatrist, inpatient hospital other, universal prevention, selective prevention, indicated prevention, outpatient, assessment, day rehabilitation, case management, and community support.
2. Participating out-of-state mental health center providers shall be reimbursed the lower of charges, or the facility's rate as set by the state Medicaid Program in the other state, or the upper limit for that type of service in effect for Kentucky providers.
2. For state fiscal year July 1, 2002 - June 30, 2003, the payment rates for other diagnostic, screening, preventive and rehabilitative services provided by licensed community mental health centers will be the rates that were in effect on June 30, 2002.